

Message Text

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PAGE 01 JAKART 10200 020859Z
ACTION XMB-04

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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC PRIORITY 2824

UNCLAS JAKARTA 10200

PASS EXIMBANK

E.O. 11652: N/A
TAGS: BPRO, EFIN, ID
SUBJ: EXIMBANK BANK GUARANTEE OF UNIVERSITY LAB EQUIPMENT FOR
TEN INDONESIAN UNIVERSITIES, JAKARTA

REF: STATE 178928

1. GOI TENDER FOR UNIVERSITY LABORATORY EQUIPMENT WAS ISSUED EARLY THIS YEAR. INITIAL BIDS WERE ALL REJECTED BECAUSE GOI DISCOVERED IT HAD BUDGETED INSUFFICIENT FUNDS FOR THE PURCHASE AND BECAUSE IT WAS DISSATISFIED WITH CREDIT TERMS BEING OFFERED. MINISTRY OF FINANCE REPORTEDLY INCREASED BUDGET ALLOCATION AND COMPANIES WERE ASKED TO SUBMIT NEW FINANCE PACAKGES BY JUNE 13. MRS. BULY, MINISTRY OF FINANCE, TOLD US GOI HOPES TO OBTAIN 85 PERCENT FINANCING, SEVEN- YEAR TERMS WITH TWO-YEAR GRACE PERIOD. GOI REGARDS FINANCIAL ARRANGEMENTS OF CRITICAL IMPORTANCE BECAUSE OF INDONESIA'S DEBT SERVICE SITUATION OVER NEXT TWO-THREE YEAR PERIOD.

2. WE UNDERSTAND THAT FINANCIAL AND TECHNICAL EVALUATIONS OF BIDS HAVE BEEN COMPLETED AND FINDINGS SENT TO PRINCIPALS FOR DECISION. DECISION-MAKERS WILL BE DIRGEN FORMONETARY AFFAIRS (JULIANTO), DIRGEN FOR UNCLASSIFIED

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HIGHER EDUCATION (TISNA AMIDYAJA), MANAGING DIRECTOR BANK INDONESIA (ISMAIL), AND DEPUTY CHARIMAN, NATIONAL PLANNING AGENCY (AFFIF). WINNERS WILL PROBABLY BE ANNOUNCED SOMETIME IN AUGUST. AWARDS ARE EXPECTED TO TOTAL SOMEWHERE IN RANGE \$15-25 MILLION.

3. IN VIEW OF STATUS OF TENDER, WE ARE INCLINED TO

RECOMMEND THAT EXIMBANK NOT CONSIDER BANK OF AMERICA REQUEST. WE RECOGNIZE THAT COMPANIES FEQUENTLY AND GOVERNMENTS OCCASIONALLY HAVE INTERVENED, SOMETIMES SUCCESSFULLY, IN BIDDING PROCESS WILL AFTER DATE WHEN BIDS ARE SUPPORED TO BE COMPLETE AND FINAL. WE DO DETECT, HOWEVER, SOME ATTEMPT ON PART OF GOI TO CLEAN-UP ITS TENDER PROCEDURES TO MAKE THEM MORE RELIABLE AND REPUTABLE. IN THESE CIRCUMSTANCES, WE DO NOT BELIEVE IT WOULD BE APPROPRIATE FOR EXIM TO BE SEEN TO BE HELPING U.S. COMPANY MAKE MISTIMED ATTEMPT TO IMPROVE ITS POSITION. BANK OF AMERICA SHOULD HAVE APPROACHED EXIM OVER TWO MONTHS AGO BUT, IN OUR VIEW, WAITED TOO LONG. IF EXIM CONSIDERS BANK OF AMERICA REQUEST, IT MAY ALSO HAVE TO RECONSIDER MELLON BANK/FISHER SCIENTIFIC FINANCING AS WELL. (HOGENTOGLER AND NEW WORLD RESEARCH WERE ALSO ORIGINAL BIDDERS BUT WE ARE NOT SURE WHETHER THEY SUBMITTED NEW FINANCE PACKAGES BY JUNE 13 DEADLINE).

4. WE HAVE ASKED MINISTRY OF FINANCE TO LET US KNOW IF FOREIGN COMPANY OF GOVERNMENT BREAKS THE RULES AND TRIES TO IMPROVE OFFER AFTER EVALUATIONS HAVE BEEN COMPLETED SO THAT U.S. COMPANIES WILL BE GIVEN MATCHING OPPORTUNITY TO IMPROVE OFFER. IF THIS HAPPENS, WE WILL, OF COURSE, ADVISE.

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5. IN RESPONSE TO QUESTIONS POSED PARAS 4 AND 5REFTEL, GOI EXPECTS COST OF PROJECT WILL BE \$15-25 MILLION RANGE. AS FAR AS WE KNOW, GOI PLANS TO COMMIT ITSELF TO FULL PRUCHASE. REPUTATION OF P.T. SETYO HARTO IS GENERALLY GOOD(SEE 76 JAKARTA 14620 FOR WTDR REPORT). WE ARE NOT AWARE OF ANY RELATIONSHIP BETWEEN SETIO HARTO AND MINISTRY OF FINANCE. FOR REASONS GIVEN PARA 3 ABOVE, WE DO NOT BELIEVE EXIM SHOULD CONSIDER BANK OF AMERICA REQUEST.
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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 02-Aug-1977 12:00:00 am
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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